

House File 2027 - Introduced

HOUSE FILE _____
BY WISE

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing for postretirement adjustments to benefits and
2 creditable service under the municipal fire and police
3 retirement system.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5608YH 82
6 ec/rj/8

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1 1 Section 1. Section 411.6, subsection 12, paragraph d, Code
1 2 2007, is amended to read as follows:
1 3 d. A retired member eligible for benefits under subsection
1 4 ~~1 of this section~~ is not eligible for the readjustment of
1 5 pensions provided in this subsection unless the member served
1 6 twenty-two years and attained the age of fifty-five years
1 7 prior to the member's termination of employment or the member
1 8 served eighteen years and attained the age of sixty years
1 9 prior to the member's termination of employment.

1 10 Sec. 2. NEW SECTION. 411.10 PURCHASE OF ELIGIBLE SERVICE
1 11 CREDIT.

1 12 1. For purposes of this section:

1 13 a. "Eligible qualified service" means service as a member
1 14 of the retirement system at any time if the member received a
1 15 refund of the member's contributions pursuant to section
1 16 411.23 for that period of membership service.

1 17 b. "Permissive service credit" means credit that will be
1 18 recognized by the retirement system for purposes of
1 19 calculating a member's benefit, for which the member did not
1 20 previously receive service credit in the retirement system,
1 21 and for which the member voluntarily contributes to the
1 22 retirement system the amount required by the retirement
1 23 system, not in excess of the amount necessary to fund the
1 24 benefit attributable to such service.

1 25 2. An active member of the system may make contributions
1 26 to the system to purchase up to the maximum amount of
1 27 permissive service credit for eligible qualified service as
1 28 determined by the system, pursuant to Internal Revenue Code
1 29 section 415(n) and the requirements of this section. A member
1 30 seeking to purchase permissive service credit pursuant to this
1 31 section shall file a written application along with
1 32 appropriate documentation with the system.

1 33 3. A member making contributions for a purchase of
1 34 permissive service credit for eligible qualified service under
1 35 this section shall make contributions in an amount equal to
2 1 the actuarial cost of the permissive service credit purchase.
2 2 For purposes of this subsection, the actuarial cost of the
2 3 permissive service credit purchase is an amount determined by
2 4 the system in accordance with actuarial tables, as reported to
2 5 the system by the system's actuary, which reflects the
2 6 actuarial cost necessary to fund an increased retirement
2 7 allowance resulting from the purchase of permissive service
2 8 credit.

2 9 Sec. 3. IMPLEMENTATION PROVISION == CONTRIBUTION RATE
2 10 CALCULATION. Notwithstanding any provision of section 411.8
2 11 to the contrary, the statewide fire and police retirement
2 12 system established by chapter 411 shall not increase the
2 13 contribution rate of members of the system to cover any
2 14 increase in cost to the system resulting from this Act.

EXPLANATION

2 16 This bill makes changes to the municipal fire and police
2 17 retirement system of Iowa (MFPRSI) created in Code chapter
2 18 411.

2 19 Code section 411.6, subsection 12, concerning the annual

2 20 readjustment of pensions following retirement, is amended to
2 21 provide that a retired member is eligible to receive this
2 22 readjustment if the member served 18 years and attained the
2 23 age of 60 years prior to the member's termination of
2 24 employment. Current law, which provides that a member who
2 25 serves 22 years and is 55 years of age at the time of
2 26 termination is eligible to receive the readjustment, is
2 27 unchanged by the bill.

2 28 New Code section 411.10 permits current members of MFPRSI
2 29 to purchase service credit for eligible qualified service.
2 30 The bill defines "eligible qualified service" to include
2 31 previous service under MFPRSI in which the member received a
2 32 refund of the member's contributions. The bill provides that
2 33 the member is required to pay the full actuarial cost of the
2 34 service purchase and must make application with the retirement
2 35 system for the purchase of service. The actuarial cost of the
3 1 service purchase is defined as the cost necessary to fund an
3 2 increased retirement allowance resulting from the purchase of
3 3 the permissive service credit.

3 4 The bill further provides that members of MFPRSI shall not
3 5 have their contribution rates increased to pay for the new
3 6 benefits provided by the bill.

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